

FORECASTS COMPARISON

Idaho has a dynamic economy whose growth is influenced by a myriad of local, national, and international factors. Therefore, changes to the projected values of such diverse variables as oil prices, interest rates, and national housing starts can have an effect at the state level. In order to account for the effects of such changes on the state's economy, each issue of the *Idaho Economic Forecast* uses Global Insight's most recent forecast of the U.S. economy. Additional data, such as company-specific expansions and/or contractions are also considered.

The following comparison table shows how the outlooks for several key Idaho and national economic series have changed from the July 2007 to the October 2007 *Idaho Economic Forecast*. The July 2007 *Idaho Forecast* is based on Global Insight's July 2007 baseline forecast and the October 2007 *Idaho Forecast* is driven by Global Insight's October 2007 baseline U.S. macroeconomic forecast.

Several key variables shows how the outlooks for the national and state economies have changed compared to the July 2007 *Idaho Economic Forecast*. The national variables are discussed first. A review of several key measures show the trajectory for the U.S. economy has been lowered compared to the July 2007 forecast. This change can be seen in the accompanying table which shows the gap between the previous and current forecasts widening over time. For example, real GDP for the current year is expected to be \$115 billion lower in the October 2007 forecast versus the July 2007 forecast. By 2010, the difference between the two real GDP forecasts is \$254 billion. On a percentage basis, October's real GDP forecast is lower by 1.0% in 2007, 1.7% in 2008, 1.9% in 2009, and 2.0% in 2010. This pattern is reflected in both the income and employment projections. The October real income forecast swings from being 1.0% higher than in the July forecast to being 0.6% lower in 2010. National nonfarm employment has 68,000 fewer jobs in 2007, which is virtually unchanged from the previous forecast. However, there are over 1,000,000 fewer jobs in 2010, which is 0.8% lower than had been forecast in July 2007. The largest relative differences occur in the goods-producing sector. This should come as no surprise because it contains both the long-suffering manufacturing and construction sectors. The goods-producing sector goes from being 0.1% low this year to down 2.4% in 2010. In comparison, nongoods-producing employment is down 0.4% in 2010. As the table also shows, the October forecast calls for lower interest rates and higher inflation.

Consistent with its national counterpart, Idaho's economic outlook has also been downgraded since July. The forecast for Idaho nonfarm employment is down 3,214 jobs (0.5%) this year, 3,159 jobs (0.5%) next year, 3,773 jobs (0.6%) in 2009, and 5,170 jobs (0.7%) in 2010. Interestingly, Idaho nominal personal income is initially \$535 million higher than the in the previous forecast (due to historical data revisions), but loses ground over time, settling at about \$100 million below July's projection. Idaho real personal income displays a similar slide. Both are consistent with the slower expected growth.

**IDAHO ECONOMIC FORECAST
FORECASTS COMPARISON
DIFFERENCES BETWEEN
OCTOBER 2007 AND JULY 2007 FORECASTS**

	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010
U.S. GDP (BILLIONS)										
Current \$	0	0	0	-27	-22	-52	-56	-202	-266	-295
% Difference	0.0%	0.0%	0.0%	-0.2%	-0.2%	-0.4%	-0.4%	-1.4%	-1.7%	-1.8%
2000 Chain-Weighted	0	0	0	-28	-45	-96	-115	-203	-240	-254
% Difference	0.0%	0.0%	0.0%	-0.3%	-0.4%	-0.8%	-1.0%	-1.7%	-1.9%	-2.0%
PERSONAL INCOME - CURR \$										
Idaho (Millions)	0	0	0	-107	-292	-259	535	552	279	-96
% Difference	0.0%	0.0%	0.0%	-0.3%	-0.7%	-0.6%	1.1%	1.1%	0.5%	-0.2%
U.S. (Billions)	0	0	0	-4	62	92	150	89	0	-62
% Difference	0.0%	0.0%	0.0%	0.0%	0.6%	0.8%	1.3%	0.7%	0.0%	-0.5%
PERSONAL INCOME - 2000 \$										
Idaho (Millions)	0	0	0	-104	-293	-265	346	341	161	-149
% Difference	0.0%	0.0%	0.0%	-0.3%	-0.8%	-0.7%	0.9%	0.8%	0.4%	-0.3%
U.S. (Billions)	0	0	0	-5	47	71	101	45	-17	-68
% Difference	0.0%	0.0%	0.0%	-0.1%	0.5%	0.7%	1.0%	0.4%	-0.2%	-0.6%
TOTAL NONFARM EMPLOYMENT										
Idaho	-1	-1	-1	0	-2	-3	-3,214	-3,159	-3,773	-5,170
% Difference	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	-0.5%	-0.5%	-0.6%	-0.7%
U.S. (Thousands)	0	0	0	0	0	0	-68	-592	-918	-1,081
% Difference	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	-0.4%	-0.6%	-0.8%
GOODS PRODUCING SECTOR										
Idaho	0	0	1	2	2	1	588	-204	-1,454	-971
% Difference	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.5%	-0.2%	-1.2%	-0.8%
U.S. (Thousands)	0	0	0	0	0	0	-16	-292	-505	-545
% Difference	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	-0.1%	-1.3%	-2.3%	-2.4%
NONGOODS PRODUCING SECTOR										
Idaho	0	0	-1	-2	-4	-4	-3,802	-2,955	-2,319	-4,199
% Difference	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	-0.7%	-0.5%	-0.4%	-0.7%
U.S. (Thousands)	0	0	0	0	0	0	-52	-300	-413	-536
% Difference	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	-0.3%	-0.3%	-0.4%
SELECTED INTEREST RATES										
Federal Funds Rate	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	-0.2%	-1.0%	-0.7%	-0.5%
Bank Prime Rate	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	-0.2%	-1.0%	-0.7%	-0.5%
Existing Home Mortgage Rate	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	-0.1%	-0.4%	-0.2%	-0.2%
INFLATION										
GDP Price Deflator	0.000	0.000	0.000	0.033	0.261	0.505	0.691	0.380	0.256	0.209
Personal Cons Deflator	0.000	0.000	0.000	0.019	0.095	0.118	0.321	0.352	0.193	0.195
Consumer Price Index	0.000	0.000	0.000	0.000	0.000	0.000	0.004	0.005	0.003	0.005

Forecast Begins the **THIRD** Quarter of 2007